

Wholesale Vehicle Transactions

4.000 Wholesale Report of Sale (REG 396)

The Wholesale Report of Sale (REG 396) is used to report sales of **used** vehicles between dealers (including out-of-state or out-of-country dealers), scrap metal processors, and dismantlers. REG 396 forms are issued by mail only from the DMV Occupational Licensing Unit in Sacramento Headquarters. Mail requests to:

Department of Motor Vehicles
Occupational Licensing Unit MS N224
PO Box 932342
Sacramento, CA 94232-3420

4.005 Completing the Wholesale Report of Sale (REG 396)

Complete the Wholesale Report of Sale (REG 396) as follows:

Section	Information Required
Vehicle Identification Number	Enter the complete VIN for the vehicle.
Vehicle License Number	Enter the license number for the last registration. <ul style="list-style-type: none"> • If the vehicle does not have a license plate, print “no plate” in the box. • If the vehicle’s license plate is from out of state, print “O/S” in the box.
Year	Enter the manufacturer’s year model.
Body Type	Enter the body type.
Model	Enter the manufacturer’s model name.
Make of Vehicle	Enter the make of the vehicle, not the model.
Odometer Mileage	Enter the actual odometer mileage reading.
Selling Date	Enter the date of sale.
Buyer’s Dealer Name/Address	Enter the buying dealer’s name, address, and city. Do not abbreviate the city name.
Buyer’s Dealer Number	Enter the buyer’s dealer number.
Seller’s Dealer Name/Address	Enter your dealer name and business address.

Section	Information Required
Seller's Dealer Number	Enter your dealer number.
Seller's Signature	Signature of the dealer's authorized representative.

4.010 Distribution of the Wholesale Report of Sale (REG 396)

Distribute the Wholesale Report of Sale (REG 396) as follows:

- Mail the DMV copy (white lower portion of the original) to the address shown on the REG 396 within five calendar days of the date of sale, not including the day of sale.
- Give the yellow copy (buyer's copy) to the buyer.
- Retain the blue copy (seller's copy) for a minimum of four years (this is in lieu of a Notice of Release of Liability [REG 138]).
- Retain the white top portion of the original as the book copy with the blue copy for a minimum of four years.

4.015 Voided Wholesale Report of Sale (REG 396) Forms

Do **not** submit voided Wholesale Report of Sale (REG 396) forms to the department. Complete a Statement of Facts (REG 256) stating the circumstances of the error (void) and keep it and the voided copy with your records for a minimum of four years.

4.020 Wholesale Rollback

Sales between dealers or lessor-retailers are reported on the Wholesale Report of Sale (REG 396). If the buyer returns the vehicle to the seller (rollback), the buyer must complete a REG 396 back to the selling dealer. The REG 396 must be submitted to the department at the address shown on the REG 396 within the prescribed five-day period.

NOTE: For vehicle rollback and voided sale (unwind) procedures, refer to Chapter 2 for new vehicles and Chapter 3 for used vehicles.

4.025 Wholesale of a New Vehicle

A franchised new vehicle dealer may wholesale a new vehicle to another dealer. The fees are based on the first retail buyer's purchase price.

A dealer **cannot** advertise for sale, sell, or purchase for resale, any **new** vehicle of a line-make for which the dealer **does not** hold a franchise. (VC §11713.1)

<i>For sales...</i>	<i>then submit...</i>
between franchised new vehicle dealers NOTE: A Wholesale Report of Sale (REG 396) is not required for sales between dealers of the same franchise.	an Application for Registration of New Vehicle (REG 397) from the second dealer to the retail buyer and all fees due. NOTE: The first dealer must submit a Notice of Release of Liability (REG 138).
from a licensed wholesaler (broker) to a franchised dealer Refer to Chapter 18 for additional information on broker requirements.	<ul style="list-style-type: none"> • an Application for Title or Registration (REG 343). Enter the cost to the retail buyer in the Certificate of Cost or Value section. • an Application for Registration of New Vehicle (REG 397) from the franchised dealer or one of the following: <ul style="list-style-type: none"> — the Manufacturer's Statement of Origin. — the factory invoice. — a bill of sale. — a Report of Sale–Used Vehicle (REG 51) from the dealer retailing the vehicle. • a Statement of Facts (REG 256) from the retailing franchised dealer stating the vehicle was new when sold to the buyer. <p>NOTE: A vehicle verification is required when a REG 397 from the franchised dealer is not submitted with the application.</p>

4.030 Vehicle Auction Wholesale Report of Sale (REG 398)

Vehicle Auction Wholesale Report of Sale (REG 398) forms are issued exclusively by mail from the department's Occupational Licensing Unit in Sacramento Headquarters. Mail requests to:

Department of Motor Vehicles
Occupational Licensing Unit MS N224
PO Box 932342
Sacramento, CA 94232-3420

NOTE: REG 398 forms may be computer-generated by a dealer.

4.035 Wholesale Auto Auction Dealer Sales (VC §§4456, 5901, and 6100)

Wholesale auto auction dealers **must** report vehicle sales on individual Wholesale Report(s) of Sale (REG 396). The REG 396 must include the phrase "sold through" and contain the name, address, and dealer number of the dealer conducting the auction, the date of delivery and the actual odometer mileage reading at the time of delivery to that dealer, and the name, address, and dealer number of the dealer acquiring the vehicle.

The DMV copy **must** be submitted to the department at the address shown on the REG 396 within five calendar days of the date of sale, not including the day of sale.

One exception to the requirement for the individual REG 396 occurs when a wholesale dealer sells to an auction dealer who immediately wholesales to another dealer. Instead of two REG 396 forms for each of those two wholesales, a Vehicle Auction Notice of Sale or Transfer (REG 398) must be submitted in lieu of reporting each interim vehicle sale between wholesale dealers on individual REG 396 forms.

By statute (VC §4456), the REG 398 **must include** :

- the seller's name and address and dealer number, if applicable.
- The date of delivery to the dealer conducting the auction.
- The actual mileage of the vehicle as indicated by the vehicle's odometer at the time of delivery to the dealer conducting the auction.
- The name, address, and occupational license number of the dealer conducting the auction.
- The name, address, and occupational license number of the buyer.
- The signature of the dealer conducting the wholesale auction.

The auto auction dealer **cannot** endorse in the margin of the title. If there is insufficient space in the dealer endorsement section, that dealer **must** complete a bill of sale.

NOTE: Newer versions of the California Certificate of Title have a designated line for an auto auction dealer endorsement. Complete the dealer section on titles without the designated line.

4.040 Voided Vehicle Auction Wholesale Report of Sale (REG 398) Forms

Do **not** submit voided Vehicle Auction Wholesale Report of Sale (REG 398) forms to the department. Complete a Statement of Facts (REG 256) stating the circumstances of the error (void) and keep it and the voided copy with your records for a minimum of four years.

4.045 Wholesale of Vehicles for Export to Another Country

When a vehicle is wholesaled for export to another country, the selling dealer must:

- Complete a Wholesale Report of Sale (REG 396) or a Vehicle Auction Wholesale Report of Sale (REG 398), as appropriate.

NOTE: The selling dealer is responsible for obtaining verification that the buyer is a licensed dealer or exporter via a business license or similar credentials.

- Mark all copies of the report of sale form “for export to another country.”
- **Do not** affix the buyer’s copy of the report of sale to the vehicle.
- Complete a Statement of Facts (REG 256) explaining how the vehicle was moved. The buyer must arrange for transport or move the vehicle on a One Trip Permit (REG 402) **unless** the sale is completed **after** delivery of the vehicle, in which case the vehicle may be delivered by use of dealer plates.
- Immediately send the REG 256 with all copies of the report of sale **except** the book copy to:

Department of Motor Vehicles
Incoming Mail MS A235
PO Box 944292
Sacramento, CA 94244-2920

NOTE: If these procedures are **not** followed, the sale is considered a retail sale and all taxes, registration fees, smog, and safety certifications are required.

New Vehicles Sold for Export to Another Country—Refer to Section 2.160.

Used Vehicles Sold for Export to Another Country—Refer to Section 3.045.

